

Message Text

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AMEMBASSY PARIS
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
AMEMBASSY HELSINKI
AMEMBASSY COPENHAGEN
AMEMBASSY ROME
AMEMBASSY LUXEMBOURG
AMEMBASSY BRUSSELS
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY DUBLIN

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TAGS: EAIR

SUBJECT: CIVAIR: CAB TRANSATLANTIC ROUTE CASE

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1. ON DECEMBER 24, THE PRESIDENT RETURNED TO CAB WITHOUT HIS APPROVAL CAB RECOMMENDATIONS ON TRANSATLANTIC ROUTE PROCEEDING. TEXT OF PRESIDENT'S LETTER WHICH WAS MADE PUBLIC ON DECEMBER 28 FOLLOWS IN PARA 2 BELOW. PRESS GUIDANCE FOR USE AT DECEMBER 29 PRESS BRIEFING FOLLOWS IN PARA 3.

2. QUOTE DEAR MR. CHAIRMAN: I HAVE REVIEWED, PURSUANT TO SECTION 801(A) OF THE FEDERAL AVIATION ACT OF 1958, AS

AMENDED, THE BOARD'S PROPOSED ORDER IN THE TRANSATLANTIC ROUTE PROCEEDING, DOCKET 25908.

QUOTE FOR FOREIGN POLICY REASONS, I AM RETURNING WITHOUT APPROVAL THE SCHEDULED SERVICE PORTIONS OF THE TRANS-ATLANTIC ROUTE PROCEEDING. AS UNITED STATES INTERNATIONAL ROUTE AUTHORITY CAN ONLY BE EXERCISED IN THE CONTEXT OF THE BILATERAL FRAMEWORK OF INTERNATIONAL AIR TRANSPORTATION, DECISIONS ON NEW ROUTES RAISE FOREIGN POLICY ISSUES THAT

MUST BE NEGOTIATED BETWEEN GOVERNMENTS. SOME FOREIGN GOVERNMENTS, WHOSE ACCEPTANCE OF UNITED STATES AIR CARRIER ROUTE AWARDS IS REQUIRED, ARE PRESENTLY DISSATISFIED WITH THE GOVERNING BILATERAL ARRANGEMENTS. WE SHALL CONTINUE TO SUPPORT RELIANCE ON COMPETITIVE MARKET FORCES TO THE MAXIMUM EXTENT POSSIBLE IN INTERNATIONAL AVIATION. WE RECOGNIZE, HOWEVER, THAT THE VIEWS OF OTHER NATIONS MAY DIFFER AND THAT OUR POLICIES MUST BE MODIFIED IN SOME INSTANCES IN ORDER TO REACH NECESSARY INTERNATIONAL ACCOMMODATION. ACCORDINGLY, THE BOARD SHOULD DEVELOP, IN THE CONTEXT OF THE CURRENT BILATERAL SITUATION A TRANSATLANTIC SYSTEM THAT WILL BEST SERVE THE LONG-TERM INTERESTS OF THE PUBLIC, THE FINANCIAL STRENGTH AND COMPETITIVENESS OF OUR PRIVATE UNITED STATES FLAG INTERNATIONAL CARRIERS, AND OVERALL UNITED STATES INTER-UNCLASSIFIED

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NATIONAL AVIATION POLICY.

QUOTE AS STATED IN MY NOVEMBER 11, 1975, LETTER TO YOU, IT IS PARTICULARLY IMPORTANT TO OUR FOREIGN POLICY THAT EFFICIENT UNITED STATES FLAG CARRIERS BE VIABLE AND THEIR ROUTES BE ECONOMIC. UNITED STATES FOREIGN POLICY INTERESTS ARE NOT SERVED WHEN FOREIGN GOVERNMENTS ARE GRANTED VALUABLE RIGHTS FOR THEIR CARRIERS IN ORDER TO IMPLEMENT ROUTE AWARDS FOR UNITED STATES CARRIERS THAT MAY NOT BE ECONOMIC. THE BOARD'S OPINION DOES NOT ADDRESS ADEQUATELY THE ECONOMIC VIABILITY OF THE PROPOSED AWARDS OF NEW AND RENEWED INTERNATIONAL ROUTE AUTHORITY, THE IMPACT OF THE PROPOSED NEW AWARDS ON THE VIABILITY OF EXISTING SERVICES, OR THE ECONOMIC IMPACT ON THE UNITED STATES FLAG SYSTEM OF EXPECTED COMPETITIVE SERVICE BY FOREIGN FLAG CARRIERS. WITHOUT PREJUDGING THE OUTCOME OF SUCH A REVIEW, I REQUEST THAT YOUR DECISION ASSESS THE DESIRABILITY AND ECONOMIC VIABILITY OF BASIC ALTERNATIVE TRANSATLANTIC ROUTE STRUCTURES, INCLUDING ONES LESS FOCUSED ON A SINGLE EUROPEAN GATEWAY THAN THAT CONTAINED IN YOUR PRESENT ORDER. IN ADDITION, YOUR DECISION SHOULD NOT MAKE A ROUTE SUBSIDY ELIGIBLE UNLESS A NATIONAL DEFENSE OR FOREIGN POLICY REASON IS DEMONSTRATED.

QUOTE THE DELAY IN REACHING A DECISION IN THIS CASE IS

CAUSE FOR CONCERN, FOR PASSENGERS AND SHIPPERS DESERVE THE BENEFITS TO BE DERIVED FROM WARRANTED ADDITIONS TO

THE UNITED STATES INTERNATIONAL ROUTE SYSTEM. HOWEVER, MOST OF THE BOARD'S PROPOSED DECISIONS CANNOT BE IMPLEMENTED UNTIL WELL INTO NEXT YEAR. IT IS IMPORTANT TO USE THIS TIME TO UPDATE THE RECORD, COMPLETE THE NECESSARY ANALYSES, AND REACH A FINAL DECISION IN THIS CASE. THE BOARD SHOULD RETURN A NEW RECOMMENDED DECISION NOT LATER THAN SEPTEMBER 1, 1977.

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THE BOARD'S RECOMMENDED DECISION SHOULD TAKE INTO ACCOUNT THE RESULTS OF MY DECISION ON THE PAN AMERICAN WORLD AIRWAYS AND TRANSWORLD AIRLINES ROUTE REALIGNMENTS. THE RECOMMENDED DECISION ALSO SHOULD CONTAIN THE BOARD'S CONCLUSIONS ON THE MATTERS WHICH THE BOARD INTENDED TO CONSIDER IN SEPARATE PROCEEDINGS; NAMELY, THE ISSUES OF (1) MIAMI-LUXEMBOURG LOW-FARE SERVICE, (2) SAN JUAN-NORTHERN EUROPE SERVICE; AND (3) CARGO AUTHORITY FOR SUPPLEMENTAL CARRIERS AND EXPANDED ALL-CARGO AUTHORITY FOR SEABOARD WORLD AIRLINES.

QUOTE THE STATEMENT OF UNITED STATES INTERNATIONAL AIR TRANSPORTATION POLICY ISSUED IN SEPTEMBER 1976 PROVIDES OVERALL GUIDANCE AND A POLICY FRAMEWORK THAT SHOULD ASSIST YOU IN THE RECONSIDERATION OF THIS PROCEEDING. RESPECTFULLY, GERALD R. FORD. UNQUOTE.

3. PRESS GUIDANCE QUOTE

QUOTE BACKGROUND - ON DECEMBER 24, THE PRESIDENT RETURNED TO THE CIVIL AERONAUTICS BOARD (CAB) WITHOUT HIS APPROVAL THE CAB'S RECOMMENDATIONS IN THE TRANSATLANTIC ROUTE PROCEEDING. HE CITED FOREIGN POLICY REASONS FOR THIS ACTION. (PRESIDENT'S LETTER ATTACHED.) THE CAB HAD RECOMMENDED THAT EXISTING US AIRLINE AUTHORITY BE CONTINUED, THAT PAN AM AND DELTA BE GIVEN NEW AUTHORITY FOR TEXAS AND ATLANTA TO THE UK, THAT NWA SUBSTITUTE FOR PAN AM ON SERVICES TO SCANDINAVIA, AND THAT TWA RECEIVE AUTHORITY FROM NEW POINTS IN THE US TO EUROPE.

QUESTION: CAN YOU ELABORATE ON THE FOREIGN POLICY REASONS MENTIONED IN THE PRESIDENT'S LETTER TO THE CAB?

ANSWER: IT WOULD NOT BE APPROPRIATE FOR THE DEPARTMENT TO ELABORATE ON THE PRESIDENT'S LETTER, WHICH SPEAKS FOR ITSELF. HOWEVER, I CAN SAY THAT AMONG THE COUNTRIES

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WHICH HAVE EXPRESSED DISSATISFACTION WITH THEIR AIR TRANSPORT AGREEMENTS WITH THE US, ARE THE UK AND ITALY. AS YOU KNOW, THE UK HAS SERVED NOTICE OF TERMINATION OF THE US-UK AIR SERVICES AGREEMENT (BERMUDA AGREEMENT) WHICH WILL BE EFFECTIVE JUNE 22, 1977, AND ITALY HAS REQUESTED RENEGOTIATION OF ITS BILATERAL AIR TRANSPORT AGREEMENT.

QUESTION: WHAT CHANGES DO THESE COUNTRIES WANT IN THEIR AGREEMENTS WITH US?

ANSWER: BOTH COUNTRIES WANT TO WITHDRAW US AIRLINE RIGHTS TO FLY BEYOND THEIR COUNTRIES, TO PROVIDE THAT

ONLY ONE US AIRLINE MAY OPERATE ON EACH ROUTE, AND TO REQUIRE THAT AIRLINE CAPACITY LEVELS BE AGREED BY THE AIRLINES OR BY GOVERNMENTS. THE FACT THAT THESE COUNTRIES WANT THESE CHANGES DOES NOT MEAN THE US WILL ACCEPT THE CHANGES. AS THE PRESIDENT SAID IN HIS LETTER, WE "CONTINUE TO SUPPORT RELIANCE ON COMPETITIVE MARKET FORCES TO THE MAXIMUM EXTENT POSSIBLE."

QUESTION: ARE THE UK AND ITALIAN PROBLEMS THE ONLY REASONS WHY THE PRESIDENT TOOK THIS ACTION?

ANSWER: NO. THE PRESIDENT'S LETTER MAKES CLEAR THAT IT IS IMPORTANT TO OUR FOREIGN POLICY THAT "EFFICIENT US FLAG CARRIERS BE VIABLE AND THEIR ROUTES BE ECONOMIC". THE PRESIDENT SAID THAT THE CAB HAD NOT ADEQUATELY ADDRESSED THESE MATTERS.

QUESTION: THE PRESIDENT'S LETTER SAYS THAT MOST OF THE CAB'S PROPOSED DECISIONS CANNOT BE IMPLEMENTED UNTIL WELL INTO NEXT YEAR. WHY?

ANSWER: BECAUSE THE NECESSARY BILATERAL RIGHTS DO NOT UNCLASSIFIED

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EXIST IN MANY CASES AND WOULD HAVE TO BE NEGOTIATED. UNQUOTE

ROBINSON

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